# A Lower Business License Fee or No Fee Increase

for over 80% of Licensed Businesses



In 2027, a redesigned business license fee structure is proposed that will lower fees for **72%** of businesses and keep license fees flat for 9% of businesses.

Only the top 19% of licensed businesses — those generating annual gross revenues above $5 million — will see a fee increase, aligning the fee with the scale of the business.

| ↓ 72% pay less | = 9% no change | ↑ 19% pay more |
|---|---|---|

## What a business would pay each year

| Annual Gross Income | 2026 | Proposed 2027–2028 | Change in Fee | Percent Change |
|---|---|---|---|---|
| Less than $12,000 | $37 | $30 | −$7 | −19% |
| $12,000 – $250,000 | $190 | $150 | −$40 | −21% |
| $250,001 – $1,000,000 | $435 | $400 | −$35 | −8% |
| $1,000,001 – $5,000,000 | $1,500 | $1,500 | No change | No change |
| $5,000,001 – $10,000,000 | $2,000 | $2,600 | +$600 | +30% |
| Over $10,000,000 | $2,000 | $3,000 | +$1,000 | +50% |

**FOR SCALE:** $2,600 on $5 million in income is about 0.05%. $3,000 on $10 million is about 0.03%.

## How Tacoma compares with other cities

| Sample Business | Tacoma Proposed | Federal Way | Kent | Seattle | Vancouver |
|---|---|---|---|---|---|
| $500K income or 5 employees | $400 | $81 | $293 | $697 | $1,172 |
| $2M income or 20 employees | $1,500 | $126 | $293 | $1,677 | $2,822 |
| $7M income or 50 employees | $2,600 | $251 | $593 | $3,355 | $6,947 |
| $25M income or 150 employees | $3,000 | $4,501 | $793 | $3,335 | $25,097 |

*Federal Way and Kent calculate by full-time employees; Vancouver uses a flat fee plus full-time employees. Seattle calculates by income ranges.*

This change is expected to raise about **$3.1M a year.**

## Where the revenue goes in Tacoma

License fees go to the General Fund, which pays for police, fire, libraries, homelessness services, and parks.

- **P** Police
- **F** Fire
- **L** Libraries
- **H** Homelessness services
- **P** Parks

61%

In the proposed 2027–2028 budget, 61% of the General Fund ($425 million of $696 million) supports community safety.

**The 27–28 budget includes:**

- Grant match for 12 new police officers
- $1.5 million a year for fire engine replacement
- $2 million for a ladder truck

CITY OF Tacoma